

August 5, 1999

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Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 96-45 and CC Docket No. 97-21

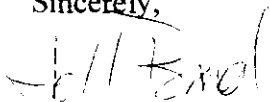
Dear Ms. Salas:

On August 5, Claudette Tennant (American Library Association), Jill Bond (representing the Consortium for School Networking and the International Society for Technology in Education), Peter Carlson (Ameritech) and Mary Henze (BellSouth) met with Dorothy Atwood of Chairman Kennard's office and Irene Flannery of the Common Carrier Bureau.

The discussion focused on SLD reclassification of E-Rate funding requests for "Internet Access" or "Telecommunications Services" to "Internal Connections" because a router or router maintenance charge was included in the funding request. Those requesting the meeting raised concerns regarding First Year applicants being denied funding for eligible service because the entire Priority One funding request was reclassified to Priority Two. Materials were provided demonstrating the breadth of impact on applicants. Potential policy recommendations were presented in the context of the pending matter of Education Networks of America, CC Docket No. 96-45 and CC Docket No. 97-21, Application No. 18132.

This notice is being filed in accordance with Sec. 1.1206(b)(2) of the Commission's rules. All materials distributed at the meeting are attached. Please do not hesitate to contact us if you have any questions about this filing.

Sincerely,



Jill Bond
Consortium for School Networking
International Society for Technology in Education



Claudette Tennant
American Library Association

cc: D. Atwood
I. Flannery

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Reclassification of Priority One Requests to Internal Connections

Background

- When applying for Year 1 funding, some applicants provided detailed breakout of their services which listed routers as part of an internet access or telecommunications service funding request.
- SLD reclassified the entire funding request as internal connections.
- Applicants in the sub-70% discount level who had their funding requests reclassified in this manner were denied funding for entire request.
- Many have appealed to the SLD and/or the FCC.

From the Applicants' Perspective

- At the time applicants filled out their Year 1 application forms:
 - Concept of Priority One and Priority Two services did not exist
 - No mention of separating routers from internet access in form instructions
- SLD changed classifications one year after applicants applied.
- SLD's administratively simple solution caused unacceptable harm to applicants.

Impact of Reclassification

- Significant amount of eligible Priority One services were denied funding
 - In many cases router accounted for less than 10% of funding request yet reclassification caused remaining 90% of Priority One services to be denied.
- Applicants who combined eligible and ineligible services got more funding than those who combined two eligible services.
 - FRN = 60% Priority One and 40% ineligible service = full funding of Priority One portion
 - FRN = 90% Priority One and 10% eligible router = complete denial
- Funding decision dependent upon level of detail of service provider billing
 - Applicants whose service providers offer detailed billing got no funding because router was identified on bill/service list
 - Applicants with identical service arrangements whose service providers offer summary billing/service list received full funding.
- Defeats purpose of 5th Order on Reconsideration which was to ensure that all telecom services and internet access requests could be funded.
 - Ironical that procedures developed to implement decision to prioritize funding result in denial of Priority One services.
- If reclassification of entire funding request was made necessary by systems limitations, then systems changes should be made. Penalizing applicants for systems limitation is unacceptable.

What is a Router?

- SLD action appears to be based on assumption that routers are only used in internal connections.
- That assumption is contrary to the reality of how Internet access service and advanced telecom services are offered and provisioned
- To provide Priority One services requested by applicant, a router that provides strictly networking functions must often be placed on the school/library premises by the service provider.
 - service provider maintains ownership of router
 - router is an integral part of the Priority One service package sold to the school/library
 - router is on the “network” side of the demarcation point
 - router performs only network functions; no LAN functionality
- SLD WAN fact sheet supports routers as networking elements; says router may perform internal connections LAN functions or WAN functions; asks to cost allocate between functions in certain cases.

Potential Solutions

1. For purposes of this program, recognize that routers are a legitimate component of eligible Priority One service offerings and should be funded as such.
 - ownership of router must be maintained by service provider
 - no LAN functionality
2. Require that routers be unbundled from Priority One service offerings and separately identified as internal connections.
 - For Year 1 and 2 unbundling should be done retroactively by SLD
 - For Year 3 and beyond, instructions should clearly instruct applicants to unbundle Priority One service routers

Field Survey on Router-Based Appeals

****Draft Copy****

July 27, 1999
Chris Murray
Leslie Harris & Associates

Name of Institution:	Madison Metropolitan School District
City:	Madison
State:	WI
Contact:	Michael Burie
Contact Information:	<u>mburie@madison.k12.wi.us</u> 608 266 6133 Madison Metropolitan School District 545 W. Dayton St. Madison, WI 53703
Explanation:	<p>Application for Internet Access was denied "As yet unfunded," with the explanation that "the category of service was changed from 'Internet Access' to 'Internal Connections (Shared)' in accordance with program rules. Their funding request included a one time charge for an equipment upgrade at the ISP site to provide T3 service to their school district.</p> <p>Due to the size of their school district (48 sites and 25,000 students), T1 service was no longer adequate and while the ISP would provide T3 service they require the school to share the cost of T3 equipment and set up. No equipment or service for their sites beyond Internet service was included in their funding request.</p> <p>They called their ISP, who indicated that a number of Wisconsin schools had funding denied since routers were included in their funding request.</p>
What was the amount applied for?	Pre-Discount cost = \$10,800
What was the amount of the school's discount?	50%
Was router listed as part of Internet access?	Qualified yes; although they did not include any routers in their application, their ISP requires them to share the cost of an ATM card upgrade in order to set up T3 feed, so router costs were indirectly included in their application. However, Burie believes that these costs were NOT itemized in their funding request.
Was an appeal filed?	Yes, to SLD
Current status of application?	Pending at SLD
Did they apply for year two funding?	Yes
Other relevant info:	<ul style="list-style-type: none">- Router charges were NOT itemized in their funding request as far as they know.- According to their ISP (WiscNet), other WI schools were denied funding due to inclusion of router in their applications.- School received year one funding for T1 service feed.- Biggest concern is the inaccessibility of SLD operations in order to get through difficult service setups. Calls to client service bureau do not allow for working through problems and the information provided was inconsistent from operator to operator.

Name of Institution:	Framingham Public Schools
City:	Framingham
State:	MA

Contact:	Timothy Magner (caveat: he no longer works with this district. Someone else will be contacting us.)
Contact Information:	Tmagner@framingham.k12.ma.us 508 424 3413 454 Water St. Framingham, MA 01701
Explanation:	Application for Internet Access denied on the grounds that it was an internal connection.
What was the amount applied for?	
What was the amount of the school's discount?	40% (for Internal Connections application)
Was router listed as part of Internet access?	Doesn't think so; other schools purchasing the same service from the same provider (MEC) through the same consortium received funding
Was an appeal filed?	yes
Current status of application?	Appeal denied
Did they apply for year two funding?	Yes
Other relevant info:	

Name of Institution:	Hewlett-Woodmere School District
City:	Nassau County
State:	NY
Contact:	Winston Himsworth
Contact Information:	Whimsworth@e-ratecentral.com 516 832 2881
Explanation:	The district included a small amount in the application for router. The SLD reclassified the entire amount as internal connections and denied funding.
What was the amount applied for?	
What was the amount of the school's discount?	40%
Was router listed as part of Internet access?	Yes
Was an appeal filed?	Yes, both to SLD (denied) and to FCC (sent June 8)
Current status of application?	On appeal to FCC.
Did they apply for year two funding?	
Other relevant info:	

Name of Institution:	Port Washington School District
City:	Nassau County
State:	NY
Contact:	Winton Himsworth
Contact Information:	Whimsworth@e-ratecentral.com 516 832 2881
Explanation:	The district included a small amount in their year two application for router costs. The SLD reclassified the entire amount as internal connections and denied funding. Note that in this case they listed separate FRNs for router costs and other Internet Access charges, but again everything was lumped into internal connections and denied.
What was the amount applied for?	Funded year one at approx. \$100,000
What was the amount of the school's discount?	40%
Was router listed as part of Internet access?	Yes

Was an appeal filed?	SLD appeal on year two funding sent July 15
Current status of application?	Pending
Did they apply for year two funding?	Yes
Other relevant info:	Note that FRNs were split out, but everything was lumped into internal connections regardless.

Name of Institution:	Ingham Intermediate School District
City:	Mason
State:	MI
Contact:	Jo Ellen Miskowski
Contact Information:	Jmiskows@ingham.k12.mi.us 517 244 1278 Ingham Intermediate School District 2630 W. Howell Rd. Mason, MI 48842
Explanation:	The school originally submitted its Internet Access and Router Maintenance together under Internet Access, and the SLD moved both to Internal connections. Funding was denied.
What was the amount applied for?	\$6,200 (\$5,800 for Internet Access, \$400 for router maintenance)
What was the amount of the school's discount?	48%
Was router listed as part of Internet access?	Router had already been purchased; router maintenance was listed as part of internet access as they thought it was a bundled service.
Was an appeal filed?	Appeal filed to SLD
Current status of application?	Appeal denied at SLD
Did they apply for year two funding?	
Other relevant info:	

Name of Institution:	Williamsburg – James City County Public Schools
City:	Williamsburg
State:	VA
Contact:	Steven Herborn
Contact Information:	
Explanation:	Internet access reclassification to internal connections.
What was the amount applied for?	
What was the amount of the school's discount?	
Was router listed as part of Internet access?	Yes
Was an appeal filed?	Yes, denied at SLD, second appeal filed to FCC (May 26)
Current status of application?	Pending at FCC
Did they apply for year two funding?	
Other relevant info:	

Additional Examples:

- North Middlesex Regional School District/White Sulphur Springs School District (see attachment)
- Lenox Public Schools (see attachment)

Note from Carole Schuster:

We are an ISP for schools and libraries and Massachusetts (about 2/3 of the school districts purchase Internet from us). The Internet startup we are providing includes a router (for Internet purpose only). The big mistake that some of our schools and libraries made was to put the startup cost which includes router, csu/dsu, line installation and configuration under the "Estimated one time pre-discount cost" on form 471/ Block 5 item 15. On the same line they entered the "Estimated Monthly Pre-discount cost" for bandwidth and line charge. The result was that the entire Internet request was changed to "Internal connection".

Some of the schools hit:

Notre Dame Academy (Worcester, MA)
Minuteman Tech (Lexington, MA)
Newton Public Schools
Nashoba Valley Tech (Westford, MA)
Carnidal Spellman HS (Brockton, MA)
Savio Prep (East Boston, MA)
Canton Public Schools
Quaboag Regional School Districts (Brookfield, MA)
Quabbin Reg. School
Greater Lowell Reg. Voc
Wakefield Public Schools
Athol Royalston
Spencer Brookfield
Groton-Dunstable PS
Winchendon PS
Leominster PS
Xaverian Brothers (Westwood, MA)
Sutton PS
Fitchburg PS
Peabody PS
Bridgewater-Raynham

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